

Testimony of Toni M. Fatone, Executive VP The CT Association of Healthcare Facilities

February 5, 2009

Good afternoon Sen. Doyle, Rep. Walker and members of the Human Services Committee. I am Toni M. Fatone, the Executive VP of the CT Association of HC Facilities, a trade association representing for profit and not for profit facilities statewide. I am here before you today to testify on HB 5059 AAC The Financial Condition of Nursing Homes- But before I get into the premise of the bill I want to provide you with some important information on the financial condition of CT's nursing homes and the news is grim. 5 facilities are currently in bankruptcy and 10 are being run by the State under the receivership with little likelihood of finding a buyer. Since the first of this year three (3) nursing homes have closed or announced they will be closing very soon. That is an historic record of closures in such a short time frame. A sickening record. And I point you to the story this week in the Norwich Bulletin that captures the heartbreak and the devastating impact on the frail elderly in those facilities that are told they will have to leave because their nursing home is no longer financially viable. Nursing Homes received a zero increase this fiscal year at a time of record increases in expenses. These closures are a direct result of inadequate funding. The Governor's budget keeps nursing homes at flat funding for the next two years and eliminates a statutorily required cost of living increase to rates that we receive once every 4 years so the Medicaid program can try to keep pace with the costs of providing care. The Governor's budget estimates nursing homes have experienced a 9.64% increase in expenses while trying to operate with a zero% increase in rates. And she is looking to re-implement a ridiculous budget gimmick that severely impacts a facility's cash flow with the reinstitution of the June half payment where nursing homes only get a half payment in June and the other half in the next fiscal year in the July payment. When your running on zero with sky rocketing costs for heat, food, meds, diapers and electricity receiving every penny you are owed in a timely manner is essential. If an appropriate amount of funds from the Economic Stimulus Package FMAP money from Washington is not allocated to fund nursing home care this year and next then these closures will start to happen to your nursing homes in your towns and it wont be 3 a month it will be 3 a week and the facilities with the most Medicaid patients will be the first to go. The Governor added 5 new staff at DSS to oversee and fast track the closures of financially distressed facilities. I guess she is expecting a

tidal wave of financially distressed facilities as a result of her budget recommendations-I have to say I couldn't agree with her more!!

It is important to know in this economic climate that nursing homes are not just some budget sapping line item. Nursing Homes are a major employer in most of CT's 169 cities and towns. Yes your nursing home is a little economic engine that could in each of your communities! But it can't run without funding! A study by the American Healthcare Association shows that LTC facilities support an estimated \$7.8B or more simply are 3.8% of the states overall economic activity. I've attached that study conducted by the Lewin Group to my testimony for you. Nursing Homes collectively employ around 30,000 people statewide, which is 4.3% of the state employment rate. Yes we are asking for funding but we give back so much more to the State's economy. Way more! The nursing home healthcare system in this state is imploding at a record pace and our frail elderly and the thousands of dedicated caregivers are the ones getting hurt. Just look at the Norwich Bulletin story to get a glimpse. We stand ready to work with the Human Services committee and the Legislature in any way we can to prevent a total meltdown of our nursing home healthcare system in this state.

On the bill before us today I have attached a legal memorandum we shared with legislators last year. The fundamental premise of this bill is flawed and does not achieve the objectives you think and it is rife with major legal issues. The provisions of this bill are already being utilized by DSS in interim rate agreements and the sale agreements of all nursing homes. That's why the Haven HC facilities never sold to anyone. Ask the Judge in the Federal Bankruptcy court why everyone walked away. This bill and the lack of funding. No operator in this state or others from around the country would sign such legally unfit provisions. That's why the State Receiver is now the 5th largest nursing home provider in the State. There are 5 facilities in bankruptcies and 10 in state receivership with no prospects for a buyer because of the provisions in this bill and no buyers should be expected to come moving forward if this legislation becomes law.

I thank you for your time.

Crowd demands Griswold nursing home stay open

By DEBORAH STRASZHEIM

Norwich Bulletin

Posted Feb 03, 2009 @ 02:50 PM

Last update Feb 03, 2009 @ 11:57 PM

Griswold, Conn. —

Furious residents, some of them near tears, overwhelmed a public hearing before the state Department of Social Services Tuesday and argued for more than an hour against closing Griswold's only nursing home.

More than 100 people jammed the hearing room, foyer and hallways of Griswold Healthcare & Rehabilitation Center, spilling outside even as it snowed. Company representatives tried to remove members of the press.

Genesis Healthcare, which manages the 90-bed facility at 97 Preston Road, sent a letter of intent to the Department of Social Services Jan. 12 seeking permission to close the home. Employees and members of the union representing 120 workers organized a petition drive opposing the closure and collected more than 1,000 signatures.

Patients who spoke Tuesday, many from wheelchairs, were near tears.

"I don't think it's right what you're doing to us," said Alice D'andria, who has lived at the home seven years.

Ronald Martin said the center is the only home he has.

"We don't like to be tossed out and shoved around and put into places we don't know of," he

said. "When you take that away from us, what do we have? We've got nothing."

Fixes too costly

Tom Quinn, regional vice president of operations for Genesis, said it would cost \$4.87 million to bring the building up to code. It needs a sprinkler system, generator and asbestos abatement. The septic system also has failed.

"These renovations and repairs are not affordable," he said.

Quinn spoke on behalf of Genesis, which manages the home and Omega Health Care, the property owner. Quinn said the nursing home has been operating at a loss of \$100,000 per month, and half the patients have left already.

Employees said there aren't enough beds for the patients elsewhere. They said family members moved their loved ones out of desperation, because they didn't want them to end up far away or in places they didn't like.

One woman said her mother, with all her faculties, was moved two weeks ago, and is now in a locked facility for Alzheimer's patients.

"She's in a lock-down unit. They do not listen," said Jeanne Miller. "We have asked her to be moved. They're feeding her things she doesn't like." Her voice broke.

Kimberly Quinn choked up as she spoke.

"You cannot shut this place," she began, then had to stop for a moment. Her mother has been here since September and has Alzheimer's. "She's going to get all mixed up and confused again," Quinn said.

Residents angrily testified the state knew the home didn't have sprinklers for years, but failed to enforce its own rules.

"I don't want to hear that bull," Ronald Becotte said. "These people from the state agencies need to go back into their own pockets before they close this facility."

The Rev. Lou Harper, pastor of the First Congregational Church of Griswold, said the state was supposed to correct the problems and failed.

"You messed it up. You fix it," he said.

First Selectman Philip Anthony, whose mother is in the facility, but who spoke for Griswold, said the company hasn't made improvements and the state has been grossly negligent. He said the company had to know the building had problems when it bought it; no intelligent person would believe otherwise.

Help from state

Rep. Steve Mikutel, D-Griswold, said the state should develop a financial recovery program, and work with the company to make the needed improvements.

Employees commented that workers had been through the nursing home in the past two weeks, painting and replacing fixtures to spruce it up prior to the public hearing.

Debra Chernoff, spokesman for New England Health Care Employees Union, District 1199, said 13 nursing homes have closed in the last five years. Ten are now in state receivership because of financial issues and a half dozen are in bankruptcy, she said.

Carolyn Orr, a patient, said what's happening hurts.

"It saddens me to see all my friends being taken away like orphans," she said.

What's next

The commissioner of the state Department of Social Services will review the request by Genesis Healthcare to close Griswold Healthcare & Rehabilitation Center.

Hearing Officer Rich Wysocki said Tuesday the review is a priority, but did not give a date on when it would be completed.

WFSB.com

Residents, Staff Talk Nursing Home's Fate

Patients Say They Fear Losing Home

POSTED: 12:15 pm EST February 3, 2009

UPDATED: 6:46 pm EST February 3, 2009

JEWETT CITY, Conn. -- A public hearing was held Tuesday to discuss the fate of Genesis Healthcare nursing home.

The Department of Social Services hosted the hearing because the Connecticut General Statutes requires a public hearing whenever the operator of a skilled nursing facility files a letter of intent to close. Nursing home officials said the home doesn't have the money to make the necessary \$4 million in repairs.

The patients at the home and their families said they're afraid of losing the home and having nowhere to go.

"We are their family, yet we're throwing them out the door," employee Mary Jane Joyce said.

"This is not simply a care facility," said Steve Thornton, vice president of the District 1199 New England Health Care Employees Union, which represents more than 100 nurses, nursing aides and support staff at Griswold Skilled Nursing. "This is truly our residents' home. Closure would disrupt care and break apart the only family many of these residents have.

Genesis took over the five Haven Healthcare centers last September when they went bankrupt.

"The state has to step up and help these elderly people," said 21-year employee Jill Poole. "They don't deserve this. We had a 96-year-old lady leave here in tears the other day. She wants to stay home. She doesn't want to be brought somewhere and be taken care of by strangers."

In weighing the decision of closing Genesis, the Department of Social Services has to look at conditions, upgrades and where residents could go next.

"If they want to keep a facility open, they have to have the financial resources to do it," state Rep. Steve Mikutel said.

Genesis is anticipating closing this center next month.

As for the 177 employees, Jessica Wojciechowski said, "Genesis claims they offered us all jobs and job placements. None of us have been contacted. Not one of us has been offered a job."

Previous Stories:

- Jan. 14, 2009: VP: Nursing Home May Be Forced To Close

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Norwich Bulletin

Don't close Griswold nursing home, petition asks *1,000 signatures collected*

By DEBORAH STRASZHEIM
Norwich Bulletin
Posted Jan 28, 2009
Griswold, Conn. —

For years, Mary Cassidy cared for a husband and wife in the town's only nursing home.

She helped them get out of bed. She dressed them. She fed them.

The man fell ill two years ago and died. Cassidy continued caring for his wife, who stayed at Griswold Healthcare & Rehabilitation Center. The facility had become home.

About two weeks ago, the woman moved. Her daughter cried to Cassidy about it. She didn't want to move her mother, who is in her 90s, but she felt she had no choice.

Genesis Healthcare, the management company, had filed a letter of intent to close the facility. "I haven't slept well since it was announced," Cassidy said.

Since then, Cassidy, her co-workers and people with family at the nursing home have circulated petitions opposing the closure. They've left them everywhere they can think of; restaurants, gas stations, convenience stores, churches. New England Health

Care Employees Union, District 1199, which represents 120 workers at the nursing home, helped.

The petition has more than 1,000 signatures. And signatures keep coming in.

Employees have pleaded their case to three state lawmakers, including state Sen. Donald Williams, D-Brooklyn, the highest ranking legislator in the General Assembly.

They plan to present their petitions to the state Department of Social Services, which holds a public hearing Tuesday to determine whether the center may close.

The group also wants to bring them to Gov. M. Jodi Rell's office.

State Rep. Steve Mikutel, D-Griswold, said the town needs a nursing home and he wants it to stay open.

But he also wants the residents to know they face a difficult fight.

Genesis estimates it would take \$4.8 million to bring the building up to code. Most of the patients are on Medicaid and can't cover these additional costs. If the state tries to force the issue, it may be

asked to foot some of the bill, he said.

"Where are they going to get the \$5 million?" Mikutel said. "It all hangs on the (Department of Social Services)."

Deborah Chernoff, spokesman for the union, said closing Griswold's rehabilitation center would be devastating to the community.

"People who live in the town, they all have their families there," she said. "Yes, it's a question of money. But this is not like moving to a different hospital bed. This is your home, and you're being evicted."

The nursing home

The Griswold facility was built in 1964, with one floor and three resident wings.

Genesis took over its management Sept. 1.

Omega Healthcare Investors Inc. bought the nursing home after the Haven Healthcare bankruptcy case, as part of a package of several homes. Haven filed for bankruptcy in November 2007, amid accusations of poor patient care and mispending millions of dollars.

The nursing home has 76 patients, including First Selectman Philip Anthony's mother, who is in her 80s.

Anthony said there was great hope that when the new owners bought the home in September, they'd spend the money "in good faith" to bring the building up to code.

When they announced the closing, staff called him in tears, shocked and devastated. He plans to attend the hearing next week, and he signed the petition.

Cassidy, of Lisbon, has worked at the facility for almost 26 years. The patients and their children are like family to her. Many of her co-workers are the only income earners in their households and carry the health insurance. Some are single parents, she said.

"It's not like we don't give good care. It's like the company bought us and doesn't want to keep us," she said. "Now we're losing our family members and our jobs."

Most of the employees live in Griswold or surrounding towns, including Norwich, Lisbon, Plainfield, Voluntown.

'Shameful'

What really bothers Chernoff is that the problems in Griswold are not new; the building had code violations before Genesis bought it, but the state failed to enforce its own rules. Now it's threatening to close the building and move the patients, some of whom have already been moved.

Haven of Waterford closed within the last few months because of financial problems. Seven of its patients were moved to Jewett City. Now they have to move again, Chernoff said.

"There really is just a shameful lack of caring on the state's part to allow this to happen over and over again," she said. "This is not the only nursing home that's closed, and this is a direct result of the state of Connecticut's failure to adequately fund nursing home care."

Leo Bordeleau, of Griswold, said his mother, 86, had only been at the nursing home a few days when he learned it would shut down. She broke her hip, so she isn't expected to be a long-term patient. Still, he chose the facility because it was close.

Bordeleau, a member of the town's housing authority, said he believes the company could build something new if it can't fix what it has.

"If they're in the health care business, and they truly believe in the patient's rights, and humanity in general, they would do this," he said.

Jeanne Moore, spokesman for Genesis, said she doesn't believe there is any discussion about building a new facility.

The options

Genesis has said the building needs a new sprinkler system and septic system to meet building codes.

Mikutel said, as far as he can tell, the Department of Social Services has three options.

1. Grant a rate hike in Medicaid reimbursement rates for the patients of the home, so the company can obtain a loan.
2. Take over the home itself, in which case it would still have to make the improvements.
3. Close the facility.

Cassidy said she hasn't figured out what she'll do if the nursing home closes. Genesis has said employees will have at least 60 days notice before their jobs end.

"If you have people out of work, for the community, it's going to have like a domino effect," she said.

She's watching families have to make wrenching decisions about whether to move a parent now, wait until the end or hope the home doesn't close.

She knows some patients have already moved.

"They just say they want to go home," she said.

What's next The Department of Social Services will hold a public hearing at 10 a.m. Wednesday on the request by Genesis Healthcare to close Griswold Healthcare & Rehabilitation Center. The hearing will be in the nursing home at 97 Preston Road.

Hartford Courant.

Sterling Manor Plans To Close, State's 2nd Nursing Home This Week

Nursing Homes

By JANICE PODSADA

January 16, 2009

Sterling Manor Inc., a nursing home in East Hartford with room for 90 residents, intends to close this spring.

Its operator, Lynbrook, N.Y.-based National HealthCare Associates Inc., runs 24 skilled nursing facilities, which are covered by Medicare, throughout the Northeast.

The company filed a letter of intent Thursday with the state Department of Social Services asking to close the nursing home, which has about 100 full- and part-time employees.

Staff, residents and their families were also told of the company's decision Thursday, company spokesman Tim Brown said.

National HealthCare said it does not own building or the property at 870 Burnside Ave. and cannot afford to make modifications "that the state and federal government will be looking for," Brown said.

The state must hold a hearing on the nursing home's plans.

If the request to close is approved, it would have 90 days to do so.

Sterling Manor is the second nursing home in the state to announce it is closing this week. Griswold Healthcare and Rehabilitation Center said it intends to close by the end of March and lay off 133 employees.

Despite the closings, demand for nursing home services is up in Connecticut, some health industry experts say.

Financial Problems Shut Down Nursing Home In Waterford

Haven Health Center found lacking; no timetable is set for relocation of patients

By Judy Benson
Published on 10/10/2008

Waterford - The Haven Health Center nursing home will be closed and the 44 residents moved to other facilities, according to an order signed Wednesday by Superior Court Judge Jerry Wagner.

The order grants the request of the court-appointed receiver for the nursing home, Phyllis Belmonte, that the nursing home should be closed because it is not financially viable and cannot "continue to operate and provide adequate care to residents in substantial compliance with applicable federal and state law." The home has a 50 percent vacancy rate and has been barred by the state Department of Public Health since February from admitting new patients because of compliance problems.

Belmonte did not return a phone message requesting comment. In a September filing with the court, Belmonte said there are 160 vacancies in nursing homes within 15 miles of the Haven facility. In July she was appointed receiver of the Waterford nursing home and three others in eastern Connecticut once owned by the Haven Healthcare chain.

The company owned a total of 25 homes in New England before it declared bankruptcy, but buyers were found for all except the four in eastern Connecticut. Belmonte has submitted a plan to the court for the sale of the other three, located in Windham, Norwich and Danielson. All have occupancy rates of 86 percent or higher.

Nancy Shaffer, state Department of Social Services' long-term care ombudsman, said Thursday that letters notifying residents and their families about the closure order had been sent out that day.

"We will work very diligently with residents to keep them informed of the process and of their rights and help them choose the next place where they will live," she said. "We will be meeting with the families and assisting them to make sure they know all their options. It will be an individual, case-by-case decision."

While there may be some "transfer trauma" for patients, she said, it may also provide an opportunity for some to move to a nursing home that's closer to family members, or to home care support. Residents will have the chance to visit nursing homes they are considering, with the social services department providing transportation in handicapped-accessible vans if needed, she added.

There are no firm deadlines at this point.

Today, Shaffer said, regional long-term care ombudsman Brenda Foreman will be at the nursing home to begin talking with patients and families. Notices about the closure process will be posted and contact information will be distributed.

Attorney General Richard Blumenthal said Thursday that his office would monitor the closure plan and its execution "to make sure that the patients are protected."

Blumenthal said his office would receive and respond to any calls from families with concerns.

The judge's decision comes a week after a hearing in Hartford Superior Court. Among those offering comment in opposition to the plan were Haven Health employees, some of whom have family members there, said Deborah Chernoff, spokeswoman for the New England Health Care Employees Union District 1199. The union represents the 67 nurses, certified nurse assistants, dietary, laundry and other workers at the home.

"More of an effort should have been made to keep it open," Chernoff said. The state public health department should have lifted the ban on new admissions once the compliance problems were corrected, she said.

"We believe the state created a situation in which it was impossible for the facility to prosper," she said. The ban on admissions "made it almost impossible to attract a buyer."

She said she feared some residents would have to move to locations too far for their families to visit regularly, or that other homes may decline to accept certain patients with very difficult psychiatric conditions.

"It isn't just a matter of finding an empty bed," Chernoff said.

The state should also consider the long-term ramifications of closing a nursing home and losing that infrastructure, she added, because new nursing homes aren't being built.

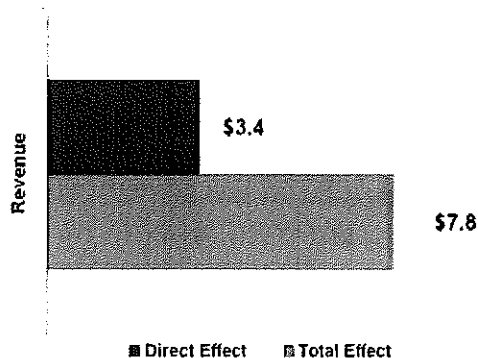
Economic Impact of Long Term Care Facilities

Connecticut

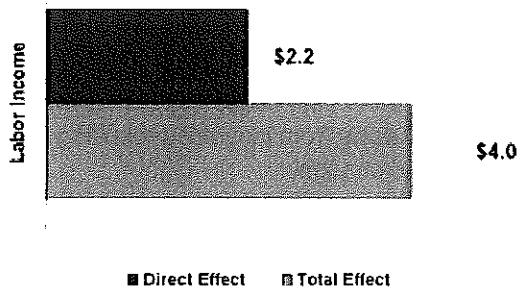
June 2008

Long Term Care (LTC) facilities* support an estimated \$7.8 billion or 3.8% of the state's economic activity

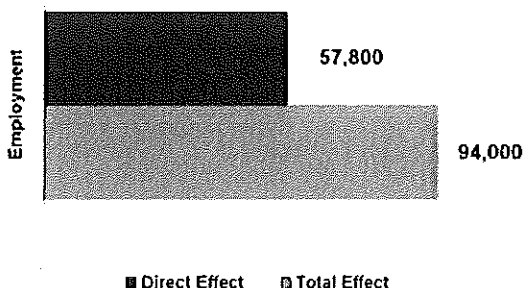
LTC facilities support \$7.8 billion in revenue...



LTC facilities support \$4.0 billion in labor income...



LTC facilities contribute to approximately 94,000 jobs...



*Long Term Care (LTC) facilities include nursing homes, assisted living, and other residential care facilities. These facilities do not include government-owned or hospital-based facilities.

LTC facilities' **direct** economic impact on Connecticut represents...

- 1.6% of economic activity
- 1.7% of labor income
- 2.7% of employment

LTC facilities' **total** economic impact on Connecticut supports...

- 3.8% of economic activity
- 3.0% of labor income
- 4.3% of employment

LTC facilities generate \$1.4 billion in tax revenue...

- \$0.4 billion in state/local taxes
- \$1.0 billion in federal taxes

Demographics of Connecticut

Population (2006)	3.5 million
% Population 65+ years (2006)	13.4%
% Population 85+ years (2006)	2.2%
State economic activity (2006)	\$204.9 billion

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The LEWIN GROUP
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American Health Care Association



National Center for Assisted Living

Economic Impact of Long Term Care Facilities

Connecticut

June 2008

Summary: Economic Impact of LTC Facilities

Estimated Impact	Direct	Indirect	Induced	Total	% of Total State Activity
Output (in billions of dollars)	\$3.4	\$0.8	\$3.6	\$7.8	3.8%
Labor Income (in billions of dollars)	\$2.2	\$0.3	\$1.5	\$4.0	3.0%
Employment (jobs)	57,800	7,200	29,000	94,000	4.3%
Estimated Impact	State/Local	Federal	Total		
Tax (in billions of dollars)	\$0.4	\$1.0	\$1.4	-	

LTC facilities support other industries and sectors statewide...

Industry/Sector	Estimated Impact	
	Employment (jobs)	Economic Activity (in millions)
Health and Social Services	62,700	\$3,825.1
Government and Non NAICS	5,300	\$745.7
Manufacturing	1,200	\$481.8
Retail Trade	4,300	\$358.4
Real Estate and Rental	1,900	\$331.7
Professional - Scientific and Tech Services	2,100	\$288.9
Construction	1,700	\$241.6
Finance and Insurance	800	\$238.9
Wholesale Trade	1,000	\$231.7
All other industries	13,100	\$1,038.9
Total	94,000	\$7,782.6

NAICS: North American Industry Classification System

Note:

Numbers may not add due to rounding.

Sources:

Economic impact analysis: The Lewin Group analysis using Impact Analysis for Planning (IMPLAN) software, Minnesota IMPLAN Group, Inc, 2006 data

Population data: U.S. Census Bureau, <http://www.census.gov/>

Economic Impact Definitions

Direct Effect represents the impact (e.g., change in employment or revenues) for the expenditures and/or production values specified as direct final demand changes.

Indirect Effect represents the impact (e.g., change in employment or revenues) caused by the iteration of industries purchasing from industries resulting from direct final demand changes.

Induced Effect represents the impacts on all local industries caused by the expenditures of new household income generated by the direct and indirect effects of direct final demand changes.

Total Impact is the sum of the direct, indirect and induced effects.

Labor Income is the sum of employee compensation and proprietary income.

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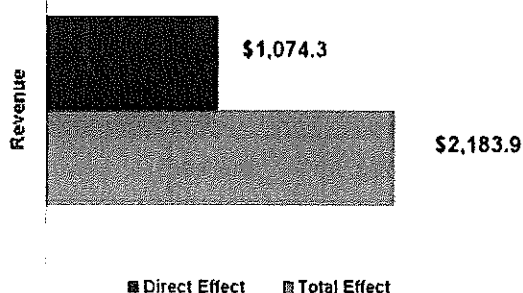
Economic Impact of Long Term Care Facilities

Connecticut - Congressional District 1

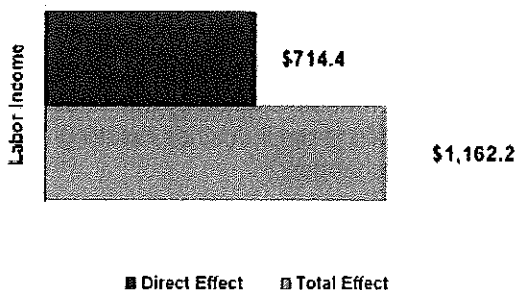
June 2008

Long Term Care (LTC) facilities* support an estimated \$2,183.9 million or 3.9% of the district's economic activity

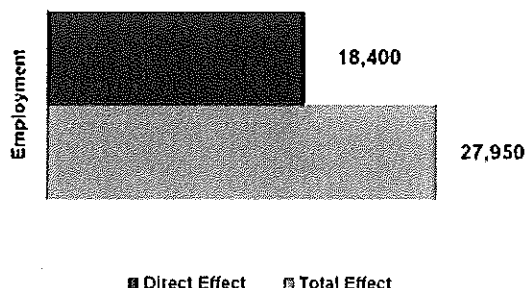
LTC facilities support \$2,183.9 million in revenue...



LTC facilities support \$1,162.2 million in labor income...



LTC facilities contribute to approximately 27,950 jobs...



*Long Term Care (LTC) facilities include nursing homes, assisted living, and other residential care facilities. These facilities do not include government-owned or hospital-based facilities.

LTC facilities' **direct** economic impact on Connecticut - Congressional District 1 represents...

- 1.9% of economic activity
- 2.0% of labor income
- 3.0% of employment

LTC facilities' **total** economic impact on Connecticut - Congressional District 1 supports...

- 3.9% of economic activity
- 3.2% of labor income
- 4.6% of employment

LTC facilities generate \$399.9 million in tax revenue...

- \$109.4 million in state/local taxes
- \$290.5 million in federal taxes

Demographics of Connecticut - Congressional District 1

Population (2006)	708,000
% Population 65+ years (2006)	14.4%
% Population 85+ years (2006)	2.4%
District economic activity (2006)	\$55.7 billion

Prepared by:

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American Health Care Association



National Center for Assisted Living

Economic Impact of Long Term Care Facilities

Connecticut - Congressional District 1

June 2008

Summary: Economic Impact of LTC Facilities

Estimated Impact	Direct	Indirect	Induced	Total	% of Total District Activity
Output (in millions of dollars)	\$1,074.3	\$246.5	\$863.1	\$2,183.9	3.9%
Labor Income (in millions of dollars)	\$714.4	\$89.5	\$358.3	\$1,162.2	3.2%
Employment (jobs)	18,400	2,250	7,300	27,950	4.6%
Estimated Impact	State/Local	Federal	Total		
Tax (in millions of dollars)	\$109.4	\$290.5	\$399.9	-	

LTC facilities support other industries and sectors districtwide...

Industry/Sector	Estimated Impact	
	Employment (jobs)	Economic Activity (in millions)
Health and Social Services	19,680	\$1,195.8
Government and Non NAICS	1,380	\$193.2
Manufacturing	290	\$98.4
Real Estate and Rental	530	\$92.7
Retail Trade	1,100	\$88.7
Professional - Scientific and Tech Services	500	\$65.9
Construction	450	\$65.6
Accommodation and Food Services	1,070	\$60.8
Finance and Insurance	230	\$58.9
All other industries	2,700	\$263.8
Total	27,950	\$2,183.9

NAICS: North American Industry Classification System

Note:

Numbers may not add due to rounding.

Sources:

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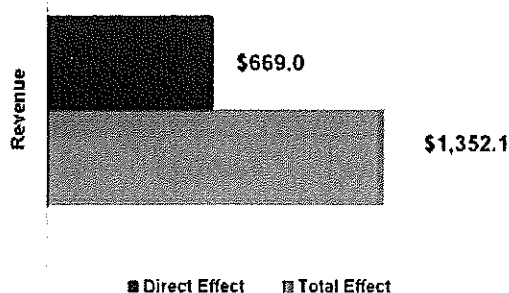
Economic Impact of Long Term Care Facilities

Connecticut - Congressional District 2

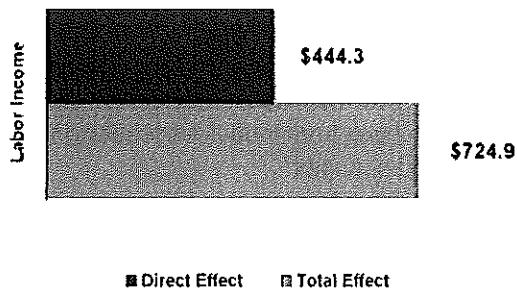
June 2008

Long Term Care (LTC) facilities* support an estimated \$1,352.1 million or 4.6% of the district's economic activity

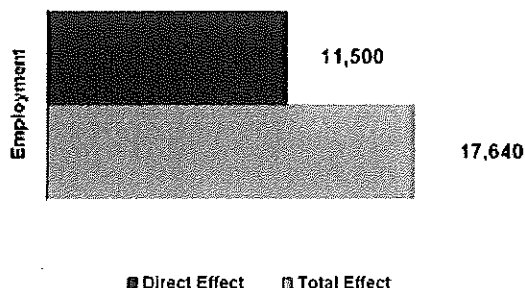
LTC facilities support \$1,352.1 million in revenue...



LTC facilities support \$724.9 million in labor income...



LTC facilities contribute to approximately 17,640 jobs...



*Long Term Care (LTC) facilities include nursing homes, assisted living, and other residential care facilities. These facilities do not include government-owned or hospital-based facilities.

LTC facilities' **direct** economic impact on Connecticut - Congressional District 2 represents...

- 2.3% of economic activity
- 2.3% of labor income
- 3.2% of employment

LTC facilities' **total** economic impact on Connecticut - Congressional District 2 supports...

- 4.6% of economic activity
- 3.8% of labor income
- 4.9% of employment

LTC facilities generate \$220.0 million in tax revenue...

- \$61.5 million in state/local taxes
- \$158.5 million in federal taxes

Demographics of Connecticut - Congressional District 2

Population (2006)	687,000
% Population 65+ years (2006)	12.0%
% Population 85+ years (2006)	1.8%
District economic activity (2006)	\$29.6 billion

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American Health Care Association



National Center for Assisted Living

Economic Impact of Long Term Care Facilities

Connecticut - Congressional District 2

June 2008

Summary: Economic Impact of LTC Facilities

Estimated Impact	Direct	Indirect	Induced	Total	% of Total District Activity
Output (in millions of dollars)	\$669.0	\$133.1	\$549.9	\$1,352.1	4.6%
Labor Income (in millions of dollars)	\$444.3	\$47.2	\$233.4	\$724.9	3.8%
Employment (jobs)	11,500	1,200	4,940	17,640	4.9%
Estimated Impact	State/Local	Federal	Total		
Tax (in millions of dollars)	\$61.5	\$158.5	\$220.0	-	

LTC facilities support other industries and sectors districtwide...

Industry/Sector	Estimated Impact	
	Employment (jobs)	Economic Activity (in millions)
Health and Social Services	12,310	\$741.2
Government and Non NAICS	1,160	\$149.5
Retail Trade	810	\$64.0
Manufacturing	170	\$60.0
Accommodation and Food Services	750	\$42.3
Real Estate and Rental	250	\$41.3
Finance and Insurance	160	\$40.4
Professional - Scientific and Tech Services	300	\$38.8
Construction	230	\$32.4
All other industries	1,510	\$142.3
Total	17,640	\$1,352.1

NAICS: North American Industry Classification System

Note:

Numbers may not add due to rounding.

Sources:

Economic impact analysis: The Lewin Group analysis using Impact Analysis for Planning (IMPLAN) software, Minnesota IMPLAN Group, Inc, 2006 data
Population data: U.S. Census Bureau, <http://www.census.gov/>

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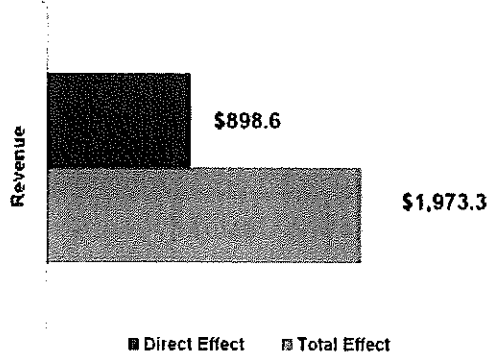
Economic Impact of Long Term Care Facilities

Connecticut - Congressional District 3

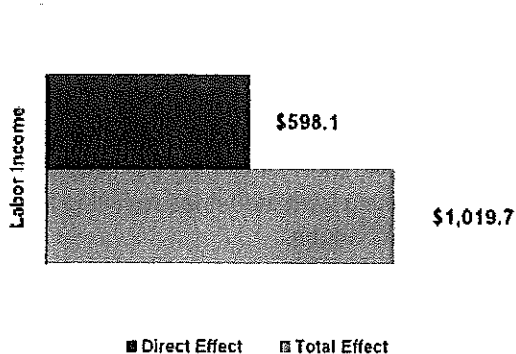
June 2008

Long Term Care (LTC) facilities* support an estimated \$1,973.3 million or 3.9% of the district's economic activity

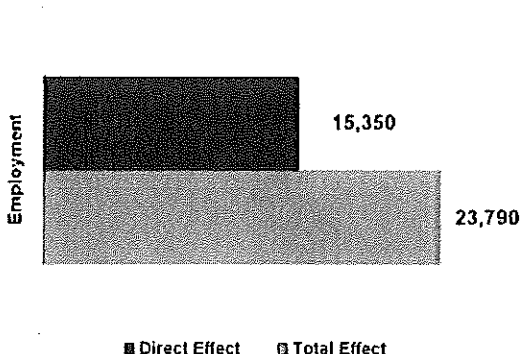
LTC facilities support \$1,973.3 million in revenue...



LTC facilities support \$1,019.7 million in labor income...



LTC facilities contribute to approximately 23,790 jobs...



*Long Term Care (LTC) facilities include nursing homes, assisted living, and other residential care facilities. These facilities do not include government-owned or hospital-based facilities.

LTC facilities' **direct** economic impact on Connecticut - Congressional District 3 represents...

- 1.8% of economic activity
- 1.9% of labor income
- 3.0% of employment

LTC facilities' **total** economic impact on Connecticut - Congressional District 3 supports...

- 3.9% of economic activity
- 3.2% of labor income
- 4.6% of employment

LTC facilities generate \$370.6 million in tax revenue...

- \$103.2 million in state/local taxes
- \$267.4 million in federal taxes

Demographics of Connecticut - Congressional District 3

Population (2006)	700,000
% Population 65+ years (2006)	14.3%
% Population 85+ years (2006)	2.4%
District economic activity (2006)	\$50.0 billion

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National Center for Assisted Living

Economic Impact of Long Term Care Facilities

Connecticut - Congressional District 3

June 2008

Summary: Economic Impact of LTC Facilities

Estimated Impact	Direct	Indirect	Induced	Total	% of Total District Activity
Output (in millions of dollars)	\$898.6	\$213.9	\$860.9	\$1,973.3	3.9%
Labor Income (in millions of dollars)	\$598.1	\$77.5	\$344.0	\$1,019.7	3.2%
Employment (jobs)	15,350	1,820	6,620	23,790	4.6%
Estimated Impact	State/Local	Federal	Total		
Tax (in millions of dollars)	\$103.2	\$267.4	\$370.6	-	

LTC facilities support other industries and sectors districtwide...

Industry/Sector	Estimated Impact	
	Employment (jobs)	Economic Activity (in millions)
Health and Social Services	16,640	\$1,023.7
Government and Non NAICS	900	\$156.8
Manufacturing	300	\$115.8
Retail Trade	1,030	\$90.5
Real Estate and Rental	500	\$86.5
Professional - Scientific and Tech Services	490	\$68.2
Finance and Insurance	200	\$60.8
Wholesale Trade	230	\$60.7
Construction	400	\$59.3
All other industries	3,100	\$251.1
Total	23,790	\$1,973.3

NAICS: North American Industry Classification System

Note:

Numbers may not add due to rounding.

Sources:

Economic impact analysis: The Lewin Group analysis using Impact Analysis for Planning (IMPLAN) software, Minnesota IMPLAN Group, Inc, 2006 data
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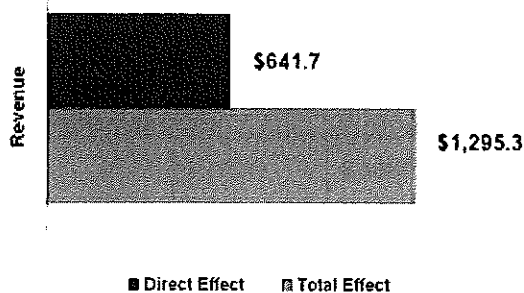
Economic Impact of Long Term Care Facilities

Connecticut - Congressional District 4

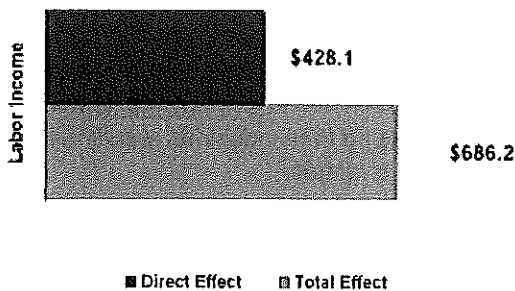
June 2008

Long Term Care (LTC) facilities* support an estimated \$1,295.3 million or 2.1% of the district's economic activity

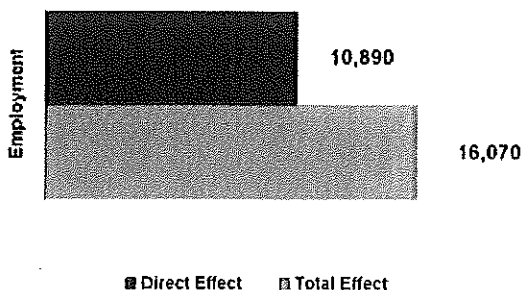
LTC facilities support \$1,295.3 million in revenue...



LTC facilities support \$686.2 million in labor income...



LTC facilities contribute to approximately 16,070 jobs...



*Long Term Care (LTC) facilities include nursing homes, assisted living, and other residential care facilities. These facilities do not include government-owned or hospital-based facilities.

LTC facilities' **direct** economic impact on Connecticut - Congressional District 4 represents...

- 1.1% of economic activity
- 1.0% of labor income
- 1.9% of employment

LTC facilities' **total** economic impact on Connecticut - Congressional District 4 supports...

- 2.1% of economic activity
- 1.7% of labor income
- 2.8% of employment

LTC facilities generate \$231.3 million in tax revenue...

- \$66.8 million in state/local taxes
- \$164.5 million in federal taxes

Demographics of Connecticut - Congressional District 4

Population (2006)	710,000
% Population 65+ years (2006)	13.0%
% Population 85+ years (2006)	2.0%
District economic activity (2006)	\$60.5 billion

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National Center for Assisted Living

Economic Impact of Long Term Care Facilities

Connecticut - Congressional District 4

June 2008

Summary: Economic Impact of LTC Facilities

Estimated Impact	Direct	Indirect	Induced	Total	% of Total District Activity
Output (in millions of dollars)	\$641.7	\$143.1	\$510.5	\$1,295.3	2.1%
Labor Income (in millions of dollars)	\$428.1	\$52.7	\$205.3	\$686.2	1.7%
Employment (jobs)	10,890	1,220	3,950	16,070	2.8%
Estimated Impact	State/Local	Federal	Total		
Tax (in millions of dollars)	\$66.8	\$164.5	\$231.3	-	

LTC facilities support other industries and sectors districtwide...

Industry/Sector	Estimated Impact	
	Employment (jobs)	Economic Activity (in millions)
Health and Social Services	11,600	\$707.6
Government and Non NAICS	560	\$96.8
Manufacturing	160	\$61.9
Retail Trade	640	\$55.6
Real Estate and Rental	320	\$53.8
Professional - Scientific and Tech Services	300	\$42.5
Finance and Insurance	130	\$41.5
Wholesale Trade	140	\$38.3
Construction	240	\$35.6
All other industries	1,980	\$161.6
Total	16,070	\$1,295.3

NAICS: North American Industry Classification System

Note:

Numbers may not add due to rounding.

Sources:

Economic impact analysis: The Lewin Group analysis using Impact Analysis for Planning (IMPLAN) software, Minnesota IMPLAN Group, Inc, 2006 data
Population data: U.S. Census Bureau, <http://www.census.gov/>

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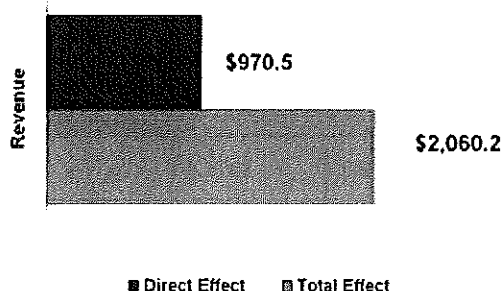
Economic Impact of Long Term Care Facilities

Connecticut - Congressional District 5

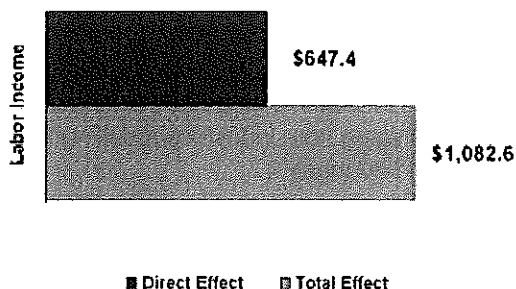
June 2008

Long Term Care (LTC) facilities* support an estimated \$2,060.2 million or 4.5% of the district's economic activity

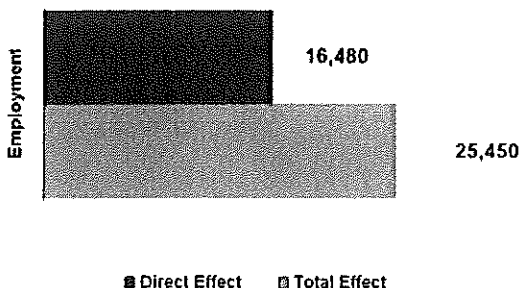
LTC facilities support \$2,060.2 million in revenue...



LTC facilities support \$1,082.6 million in labor income...



LTC facilities contribute to approximately 25,450 jobs...



*Long Term Care (LTC) facilities include nursing homes, assisted living, and other residential care facilities. These facilities do not include government-owned or hospital-based facilities.

LTC facilities' **direct** economic impact on Connecticut - Congressional District 5 represents...

- 2.1% of economic activity
- 2.3% of labor income
- 3.3% of employment

LTC facilities' **total** economic impact on Connecticut - Congressional District 5 supports...

- 4.5% of economic activity
- 3.8% of labor income
- 5.1% of employment

LTC facilities generate \$375.4 million in tax revenue...

- \$103.2 million in state/local taxes
- \$272.2 million in federal taxes

Demographics of Connecticut - Congressional District 5

Population (2006)	700,000
% Population 65+ years (2006)	13.4%
% Population 85+ years (2006)	2.3%
District economic activity (2006)	\$45.6 billion

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American Health Care Association



Economic Impact of Long Term Care Facilities

Connecticut - Congressional District 5

June 2008

Summary: Economic Impact of LTC Facilities

Estimated Impact	Direct	Indirect	Induced	Total	% of Total District Activity
Output (in millions of dollars)	\$970.5	\$211.5	\$878.2	\$2,060.2	4.5%
Labor Income (in millions of dollars)	\$647.4	\$77.1	\$358.2	\$1,082.6	3.8%
Employment (jobs)	16,480	1,860	7,110	25,450	5.1%
Estimated Impact	State/Local	Federal	Total		
Tax (in millions of dollars)	\$103.2	\$272.2	\$375.4	-	

LTC facilities support other industries and sectors districtwide...

Industry/Sector	Estimated Impact	
	Employment (jobs)	Economic Activity (in millions)
Health and Social Services	17,860	\$1,101.9
Government and Non NAICS	1,170	\$184.4
Manufacturing	280	\$103.0
Retail Trade	1,190	\$100.4
Real Estate and Rental	510	\$84.9
Finance and Insurance	210	\$64.2
Professional - Scientific and Tech Services	450	\$61.9
Construction	410	\$60.0
Accommodation and Food Services	950	\$56.3
All other industries	2,420	\$243.2
Total	25,450	\$2,060.2

NAICS: North American Industry Classification System

Note:

Numbers may not add due to rounding.

Sources:

Economic impact analysis: The Lewin Group analysis using Impact Analysis for Planning (IMPLAN) software, Minnesota IMPLAN Group, Inc, 2006 data

Population data: U.S. Census Bureau, <http://www.census.gov/>

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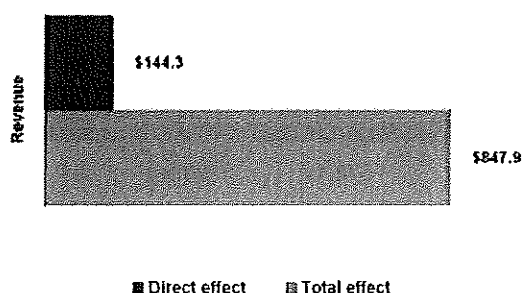
Economic Impact of Long Term Care Facilities

United States

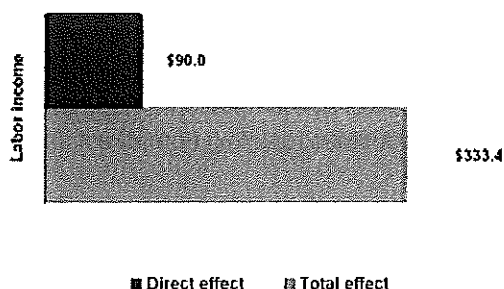
June 2008

Long Term Care (LTC) facilities* support an estimated \$847.9 billion or 6.4% of the U.S.'s economic activity

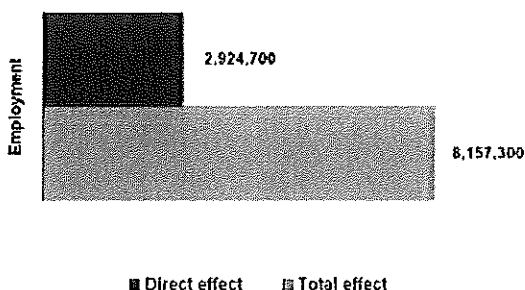
LTC facilities support \$847.9 billion in revenue...



LTC facilities support \$333.4 billion in labor income...



LTC facilities contribute to approximately 8,157,300 jobs...



*Long Term Care (LTC) facilities include nursing homes, assisted living, and other residential care facilities. These facilities do not include government-owned or hospital-based facilities.

LTC facilities' **direct** economic impact on U.S. represents...

- 1.1% of economic activity
- 1.1% of labor income
- 1.7% of employment

LTC facilities' **total** economic impact on U.S. supports...

- 6.4% of economic activity
- 3.9% of labor income
- 4.7% of employment

LTC facilities generate \$120.3 billion in tax revenue...

- \$42.3 billion in state/local taxes
- \$78.1 billion in federal taxes

Demographics of U.S.

Population (2006)	299.4 million
% Population 65+ years (2006)	12.4%
% Population 85+ years (2006)	1.8%
U.S. economic activity (2006)	\$13,194.7 billion

Prepared by:

The LEWIN GROUP
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American Health Care Association



National Center for Assisted Living

Economic Impact of Long Term Care Facilities

United States

June 2008

Summary: Economic Impact of LTC Facilities

Estimated Impact	Direct	Indirect	Induced	Total	% of Total State Activity
Output (in billions of dollars)	\$144.3	\$86.0	\$617.5	\$847.9	6.4%
Labor Income (in billions of dollars)	\$90.0	\$26.6	\$216.8	\$333.4	3.9%
Employment (jobs)	2,924,700	650,100	4,582,500	8,157,300	4.7%
Estimated Impact	State/Local	Federal	Total		
Tax (in billions of dollars)	\$42.3	\$78.1	\$120.3	-	

LTC facilities support other industries and sectors nationwide...

Industry/Sector	Estimated Impact	
	Employment (jobs)	Economic Activity (in millions)
Health and Social Services	3,429,700	\$ 187,184.7
Manufacturing	357,900	\$ 153,641.3
Government and Non NAICs	628,600	\$ 78,329.2
Finance and Insurance	246,800	\$ 52,441.9
Professional - Scientific and Tech Services	351,000	\$ 47,305.5
Real Estate and Rental	255,900	\$ 47,227.7
Retail Trade	543,300	\$ 37,915.7
Information	106,000	\$ 35,568.2
Construction	276,000	\$ 34,459.3
All other industries	1,962,100	\$ 173,777.3
Total	8,157,300	\$847,850.8

Note:

Numbers may not add due to rounding.

Sources:

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an INGENIX company

MURTHA CULLINA LLP

A T T O R N E Y S A T L A W

WHITNEY GROVE SQUARE
TWO WHITNEY AVENUE, P.O. BOX 704
NEW HAVEN, CONNECTICUT 06503-0704

TELEPHONE (203) 772-7700
FACSIMILE (203) 772-7723
www.murthlaw.com

March 26, 2008

TO: Toni Fatone, Esq., Executive Vice President, Connecticut Association of Health Care Facilities, Inc.

FROM: Martha Everett Meng, Esq., Louis B. Todisco, Esq., and Heather O. Berchem, Esq.

RE: Proposed Substitute Bill No. 32

We have reviewed proposed Substitute Bill No. 32. One positive change is that the original SB32 section related to the single entity requirement (Section 2) is gone. However, the revised Bill contains other equally objectionable sections and now contains 19 sections rather than 10. Our comments are as follows:

1. Section 1. This section is the same as in the original Bill No. 32. This makes some type of CON permission mandatory for nursing home changes of ownership. Other than terms such as the "financial viability" of the applicant and the impact on rates and the financial condition of the applicant, no criteria for getting such a CON are specified. Thus, prospective licensees are completely at the mercy of DSS in its discretion and the application is subject to a need determination, etc. All of our original objections remain.

2. Section 2. This section is the same as Section 4 of the original SB 32. It deletes the industry members of the Nursing Home Financial Advisory Committee.

3. Section 3. This section is substantially the same as Section 5 of original Bill No. 32 regarding review of the financial condition of nursing homes. However, proposed Substitute Bill No. 32 has added a new paragraph designated as (c). This paragraph provides that the Commissioner of Social Services shall promptly provide to the State Comptroller copies of all the information received from nursing home facilities or other entities pursuant to subsections (a) and (b) as well as copies of any notices sent to the Commissioner of Public Health. Objections to this section as being too vague and using inappropriate financial criteria are the same as those we originally noted. However, now there would be additional, duplicate review by the Comptroller. See also Section 6 below.

BOSTON

HARTFORD

NEW HAVEN

STAMFORD

WOBBURN

4. Section 4 (NEW). This section requires a “nursing facility management services agency” to annually report its costs to the Commissioner of Social Services. Thus, it appears to be essentially the same as Section 6 of original Bill No. 32. It defines “nursing facility management services agency” to be “any person or entity that provides services in a nursing facility to manage the operations of such facility, including the provision of care and services.” See also Section 19 (k) of the Bill, limiting nursing home management fees.

5. Section 5 (NEW). This provision is the same as Section 10 in Bill No. 32. It simply deletes the law that was created when the nursing home Financial Advisory Committee was created which required the Department of Social Services to establish regulations regarding reporting of financial solvency by nursing homes. We need regulations to address this area.

6. Section 6 (NEW). This is a new section. This section authorizes the State Comptroller to audit the financial and other records related to the operation of any nursing home or nursing facility management services agency. It requires that financial and other records of a nursing home facility or management services agency be kept at a location and preserved for such time as the State Comptroller may specify. The State Comptroller may summon witnesses, require the production of documents and administer oaths for the purpose of an examination and audit. The State Comptroller may request the Attorney General to petition the Superior Court for an order to enforce the provisions of this statute. The State Comptroller shall issue reports and may recommend that the Commissioner of Social Services seek the appointment of a receiver.

There does not appear to be any good reason why the State Comptroller should be given this authority. The Department of Social Services already engages in audits of nursing homes and has familiarity with nursing home operations.

7. Section 7 (NEW). This is a new section. This section provides that a person with knowledge of violation of laws or regulations, mismanagement or gross waste of funds, or danger to patient safety resulting therefrom to report this information to the State Comptroller. None of the relevant terms is defined. The State Comptroller then may investigate the matter, summon witnesses, require the production of documents, administer oaths, etc. The State Comptroller can then report findings to the Commissioner of Social Services, Commission of Public Health or the Chief State’s Attorney in matters involving criminal activity. The statute also prohibits any retaliation against an employee for disclosure of such information and allows an employee who claims retaliation to notify the State Comptroller who is then required to investigate. The employee is then entitled to bring an action pursuant to section 31-51m of the Connecticut General Statutes which allows for reinstatement, back pay, reestablishment of employee benefits, and a reasonable attorney’s fee.

The statute also provides that if the retaliatory action occurs not later than one year after the employee first transmits facts to the State Comptroller, “there shall be a rebuttable presumption that the personnel action is in retaliation for the action taken by the employee . . .” (emphasis added). This is a very unusual provision. While various statutes prohibit employer retaliation against an employee for taking certain actions (e.g. opposing unlawful discrimination), this is the only statute of which we are aware which creates a rebuttable

presumption that the personnel reaction was retaliatory. The rebuttable presumption, in effect, shifts the burden of proof to the defendant employer to prove that the action was not retaliatory.

This statute is adverse to nursing homes for at least two reasons: (1) it provides yet another state agency which may conduct investigations of nursing homes; (2) it provides an unusual advantage to an employee claiming retaliation through the rebuttable presumption provision. Assuming this provision otherwise becomes law, the rebuttable presumption provision should be deleted. An employee claiming retaliation would already have a cause of action under section 31-51m (protection of employee who discloses employer's illegal activities or unethical practices) and other similar sections and this additional provision is unnecessary and unfair.

8. Section 8 (NEW). This section limits the amount an owner of real property may charge to the fair rent amount when the real property owner is a related party. Violations result in disciplinary action and/or civil penalty up to \$25,000 for each violation.

This section is totally unacceptable. It severely restricts the amount a related party property owner can charge to the amount of fair rent set by DSS. Property owners would potentially be unable to cover mortgage payments and be required to subsidize themselves. There is also no reasonable basis for distinguishing related real property owners from unrelated owners. In effect, real property owners would be required to subsidize the operating company.

9. Section 9 (NEW). This new section prohibits encumbering the assets of a nursing home facility unless the owner uses the proceeds of the loan for operations or improvements to the facility. Penalties are the same as in section 8.

It is unclear whether this section is limited to the owner of the licensee entity or the owner of real property. If it limits the real property owner (as we believe is the intent), this section is unacceptable.

10. Section 10.(NEW). This section requires owners to maintain liability coverage of \$2 million/\$10 million per accident or event for negligence/malpractice and \$50,000 per accident or event for property damage. DPH may adopt regulations to establish any additional requirements and may increase the minimum amounts "as necessary to protect public safety and welfare."

We need information from members as to whether obtaining such coverage would be too costly or impossible. In addition, this section gives DPH too much discretion.

11. Section 11. Amends the existing statute to include a definition of "nursing facility management services agency."

This definition already exists regarding management company certificates. We see no real issues with this section.

12 Section 12. Subsection (a) amends 19a-491 to state that a nursing home license shall not be issued unless: 1) the facility is in compliance with PHC requirements relating to

maintenance and repair of all buildings and structures; and 2) is in compliance with any consent order under subsection (b).

Subsection (b) reinstates the former requirement of a certificate for real property owners stating that the real property and improvements are in compliance with PHC. Certificates are renewed biennially after inspection. This section adds the specific right for DPH to include a Consent Order for the real property owner and the right to impose a civil penalty of up to \$1,000 per day for each day in violation of the consent order; DPH may also impose a temporary manager with authority to perform repairs.

This section should be opposed to the extent that it gives DPH no discretion to issue/renew a license while repairs or violations of PHC are being corrected. Additional penalties, if they remain, should be limited to failure to complete after period specified in consent order. As it exists, DPH can routinely require a temporary manager upon issuance of a consent order.

13. Section 13. This section defines “beneficial ownership” for purposes of provisions relating to changes of ownership and requires licensee to provide “identities of and any other information required by DPH regarding beneficial owners.”

The section basically defines what is a change of ownership as that term is currently interpreted by DPH. However, in instances where investment funds are an owner, DPH may now require names of some or all individual investors (depending on the ownership percentage). In addition, it is unclear how this would apply to publicly held companies.

14. Section 14. Subsection (b) gives DPH subpoena power. Right now DPH has subpoena power only when there is a hearing. Subsection (d) gives DSS the right to audit and examine financial records of a management services agency. It also gives subpoena power in connection with audits.

This should be opposed. There is no reason to give subpoena power outside of the hearing context. Furthermore, it is unnecessary. Under the provider agreement, facilities are already required to provide such documentation as may be requested.

15. Section 15. This section adds management companies to the list of those who may be investigated by DPH. DPH can also bring an action against management companies for operating without a certificate.

16. Section 16. This section amends the change of ownership provisions to state that the application shall include such information as DPH deems necessary (already stated in another statute).

It actually improves existing law by deleting the outdated term “intermediate sanctions” and clarifying that only sanctions of \$10,000 or more will be considered in determining a potential licensee’s suitability.

17. Section 17. Subsection (a) adds “gross financial mismanagement” as a basis for a receiver. Subsection (b) gives the court, upon determining that a receiver is appropriate, the

right to appoint a receiver for the management company, the owner of the real property and “any legal entity owned or managed by a related party to the nursing home facility owners.” It also allows the court to issue “such orders as it deems necessary to any person that controls or possesses assets necessary for the receiver to fulfill its duties...” Subsection (c) defines “gross financial management.”

There are several concerns with this section. First, a receivership imposed for “gross financial mismanagement” would almost certainly make the owner subject to lawsuits and possibly civil or criminal fraud actions. In addition, the right to appoint receivers for the owners of the real property and “any legal entity” owned or managed by the owner of the real property would unacceptably limit the ability of nursing homes to obtain financing. Also, the definition of “gross financial management” has several objectionably vague parts, namely “maintaining an unfavorable working capital ratio of assets to liabilities for more than one fiscal year” and “maintaining minimal equity or reserves for more than one fiscal year.”

18. Section 18. This section states that a receiver may be anyone with “such other experience and education as the court deems satisfactory.” It no longer limits receivers to licensed nursing home administrators. The section also gives the state priority in bankruptcy for any advance payments made to the facility under receivership.

19. Section 19. This section amends the statute governing management companies. Subsection (c) is amended to require disclosure of the names of officers, directors, partners, 10% or greater beneficial owners and others on the application for a certificate. This section also expands the requirement of an affidavit by the applicant regarding past felonies, suspensions etc to all the persons described above. Subsection (f) allows the Department to deny certification to a management company if the Department determines that a facility located in another state managed by that company “substantially” failed to comply with the laws in that state. It also allows the Department to limit or restrict “the provision of nursing facility management services by any applicant” or limit the facilities for which it may provide services. Subsection (g) expands the renewal criteria from a determination that the company is in compliance with the PHC to compliance with laws and regulations in other states where the management company provides services.

Subsection (h) provides for up to a \$15,000 penalty for PHC violations.

Subsection (j) allows DPH to conduct any inquiry or investigation regarding a certificate holder.

Subsection (k) limits fees which can be paid to a management company that is related to the nursing facility owner to the management fee permitted by DSS under Medicaid.

Subsection (l) subjects any company providing management services without a certificate to a penalty of up to \$1000 per day.

Comments:

Subsection (h) is objectionable because it provides for duplicate penalties – one for the licensee and one for the management company.

Subsection (k) reinstates the limitation on management fees from the original SB 32. There should be no limitation on fees paid (as opposed to allowable costs under Medicaid).

